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| **Folder Title:** | President Wolfensohn - Briefing Materials for President's Speeches - Communications with Staff - Speaking Engagement - Operations Evaluation Department [OED] Retreat - October 7, 1997 |
| **Folder ID:** | 30488655 |
| **Series:** | Speaking engagement briefing materials |
| **Dates:** | 02/27/1997 - 10/07/1997 |
| **Subfonds:** | Records of President James D. Wolfensohn |
| **Fonds:** | Records of the Office of the President |
| **ISAD Reference Code:** | WB IBRD/IDA EXC-13-09 |
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# DECLASSIFIED
## WBG Archives

# Archive Management for the President's Office

## Document Log

## *Reference # : Archive-01785*

1Kδ

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### A. CLASSIFICATION

- [x] Meeting Material
- [ ] Trips
- [x] Speeches
- [ ] Annual Meetings
- [ ] Corporate Management
- [x] Communications with Staff
- [ ] Phone Logs
- [ ] Calendar
- [ ] Press Clippings/Photos
- [ ] JDW Transcripts
- [ ] Social Events
- [ ] Other

| **B. SUBJECT:** SPEAKING ENGAGEMENT: OED RETREAT // JDW TO MAKE REMARKS (B) (N) // VENUE: JB1-080, J BUILDING, WORLD BANK // CONTACT: PICCIOTTO @ 84569 // PHYLLIS MALLARD/P. BASTOE @ 34599 // (B) PICCIOTTO // DUE: C.O.B. WED. OCT. 1 // (B) REMARKS - CAROLINE ANSTEY // 9/19 ORIGINALLY SCHEDULED AS DINNER AT LANSDOWNE FROM 7:00 TO 9:00 PM // TIME CHANGED: 5:40 TO 7:00 P.M. AND VENUE AT THE WORLD BANK // 10/06 MM CONVEYED ABOUT JDW LEAVING AT 6:40 PM // EXC: MM // ALI (7/29)<br>Brief Includes:<br>--- Cover Note from Robert Picciotto<br>--- Draft of speech<br>--- "OED Renewal", R. Picciotto memo to senior management (8/1/97)<br>--- Retreat Program<br>--- "Evaluations in the World Bank: Challenges and Priorities", - OED Stratedy Paper CODE97-15 (2/27/97)<br>--- "The Development Effectiveness Challenge", R. Picciotto (6/26/97) | **DATE:** 10/07/97 |
|---|---|

### C. VPU

**Corporate**
- [ ] CTR
- [ ] EXT
- [ ] LEG
- [ ] MPS
- [x] OED
- [ ] SEC/Board
- [ ] TRE

**Regional**
- [ ] AFR
- [ ] EAP
- [ ] ECA
- [ ] LAC
- [ ] MNA
- [ ] SAS

**Central**
- [ ] CFS
- [ ] DEC
- [ ] ESD
- [ ] FPD
- [ ] FPR
- [ ] HRO

**Affilliates**
- [ ] GEF
- [ ] ICSID
- [ ] IFC
- [ ] Inspection Panel
- [ ] Kennedy Center
- [ ] MIGA

### D. EXTERNAL PARTNER

- [ ] IMF
- [ ] UN
- [ ] MDB/Other IO
- [ ] NGO
- [ ] Private Sector
- [ ] Part I
- [ ] Part II
- [ ] Other

**The World Bank**
Washington, D.C. 20433
U.S.A.

OED

ROBERT PICCIOTTO
Director-General
Operations Evaluation

October 1, 1997

[illegible]

Mr. James D. Wolfensohn

Jim:

Your message to OED staff will be critical to the success of OED's Renewal. Elizabeth and I hope that you will acknowledge the efforts being made by OED managers and staff to revitalize OED products, approaches and skills and to align OED with the vision of the Strategic Compact.

The OED Renewal is not a reorganization. It is a reorientation of personal and professional lives. We are challenging OED staff to change how they work and how they think. It is not about organization charts or finely worded policy documents. It is about how a community of professionals moves from a deeply entrenched tradition of being apart, the better to judge the work of others.

Specifically, we are challenging OED staff to connect and to join, to provide rigour and systematic thinking in the fluid environment of development partnerships. We are asking them to leave their offices and get acquainted with the real time preoccupations of the Networks, the Regions and the Borrowers. We are asking them to provide useful, and unfiltered feedback on the results the Bank is achieving, "on the ground."

We are also inducing them to connect to angry leaders of the civil society with a view to breaking the impasse on such issues as the building of large dams by providing credible and fair evidence about tradeoffs, constraints and achievements. We are asking them to join as partners with others who have their own ideas of what success is and what good performance means. We are trying to focus debate on real life problems and increase the safe space for learning.

At the "mine face," this translates into enormous personal challenges. We will be asking OED staff to move from being "the expert" to being "a participant" in learning, to shift from introverted research to extroverted facilitation and negotiation. We will want OED staff to move their analysis from a theory of development where the clean technical factor predominates to one where messy human factors must be faced. New skills. New attitudes. New personal philosophies about work, about development, and about the role of the Bank.

OED's value added to the Bank has always been the joint assets of "credibility" and "accountability." The OED Renewal will nurture this tradition but our staff will also

Tel: 202-458-4569
Fax: 202-522-3200

be called to create additional value by guiding systematic learning for effective policy dialogue and public engagement.

Hence, this is a time of great vulnerability for OED staff. Not everyone will make it. Most are uncertain about what you think of OED and nervous about what you will say on Tuesday. Some even wonder whether you appreciate what it means to be an evaluator who, on occasion, must adopt unpopular postures, carry tough messages and speak truth to power—in the institutional interest.

We hope that you will be provocative. Let them know that there is no turning back. That the stakes are high. Cut us no slack. But give OED staff the strength of your support for the changes they are undergoing so as to deliver the results you need: credible, timely, and relevant analysis of the Bank's development effectiveness and joint learning with the broader development community about how to reduce poverty.

We need your help to make this happen. Accordingly, the draft speech which we have prepared for your consideration is designed to do three things. First, make clear to OED staff that you understand what OED is and why you are appreciative of the efforts OED staff are making to adapt to the changing Bank. Second, highlight your commitment to development effectiveness and relate this commitment to the Strategic Compact and your Annual Meetings speech. Third, lay out the specific implications of your "dream" for the evaluation function.

Your address will kick off our retreat, the agenda of which is included in the attachments to this note. Attached also is relevant material about the objectives of the OED Renewal process and of the new evaluation strategy which has been designed in support of your vision. We hope that you will entertain questions and that you will manage to give a stressed and embattled group a sense that they are an integral part of the World Bank which you lead.

Bob

Robert Picciotto

Attachments

**MR. AND MRS. WOLFENSOHN'S SOUTH ASIA TRIP**
**BANGLADESH / PAKISTAN**

Outline of the Pre-Trip Briefing
October 7, 1997

| | |
|---|---|
| Introduction | Mieko Nishimizu |
| Bangladesh | |
| Political Economy / Macro | Shekhar Shah |
| Country Strategy / Implementation | Owaise Saadat |
| Private Sector | Rashad Kaldany |
| Pakistan | |
| Political Economy / Macro | Shahrokh Fardoust |
| Country Strategy / Implementation | Chris Hall |
| Private Sector | Andre Hovaguimian |
| Conclusion | Mieko Nishimizu |

REVISED
2:30 p.m.

Appointments
0-6-97 .. 10-10-97 ◦ ACTING: SSANDSTROM // BACKUP: GKAJI
0-6-97 .. 10-10-97 ◦ HQ-HOLD-BLOCK

**8:30a - 8:40a** ◦ **IN TRANSIT: DRIVE FROM HOME TO WORLD BANK**

**9:00a - 9:30a** ◦ **SENIOR MANAGEMENT TEAM MTG.**
- Venue: MC 12-755 (MEETING ROOM) // 12 +
- In attendance: JDW, Kaji, Einhorn, Koch-Weser, Sandstrom, MMB, Zhang, Conrad, Strong, McArthur
- EXC: HANY

**9:30a - 10:00a** ◦ **PRE-BOARD (B)**
- VENUE: MC 12-700 (EXC CONFERENCE ROOM) // 14 +
- EXC: HANY

**10:00a - 1:00p** ◦ **BOARD MEETING (B)**
- Venue: MC 13-301 (Board Room) (Ext. 84177)
- **KEY POLICY ITEM(S):**
- MD Backup:
- EXC: HANY

**1:00p - 2:00p** ◦ **LUNCHEON MEETING: MR. JAMES A. HARMON, PRESIDENT AND CHAIRMAN, EXPORT-IMPORT BANK OF THE UNITED STATES (N)**
- **1ST VENUE: MC-12-750 (OFFICE) - TO GREET**
- **2ND VENUE: JDW'S PRIVATE DINING ROOM**
- CONTACT: NANCY SUTER @ 565-3512 // FAX: 565-3513
- IN ATTENDANCE: JDW, MR. HARMON
- 7/31 CFMD VIA FAX // 9/26 CIHAT (2)
- EXC: JDW // LFG (7/31)

**2:00p - 2:30p** ◦ **{CORRESPONDENCE/CALLS/SCHEDULING}**

**2:30p - 4:00p** ◦ **DEC JAM SESSION: ISSUES IN HUMAN DEVELOPMENT AND FINANCIAL SECTOR (IN PREPARATION FOR SOUTH ASIA TRIP) (N)**
- VENUE: MC 12-700 (EXC. CONF. ROOM) // +14
- CONTACT: DEBORAH WETZEL @ 31698
- IN ATTENDANCE: JDW, {ERW-not attending-another meeting}, STIGLITZ, SQUIRE, DEMIRGUC-KUNT, KING*, WETZEL*, CAPRIO*, NISHIMIZU, {DRYSDALE-not attending}, HALL, UY*, SKOLNICK, HOVAGUIMIAN*, KALDANY*, MALAS*, ASSAAD, HOLDEN, MARISELA
- NOTE: (8/11) SEQUENCE OF MEETINGS - TRIP PRE-BRIEF AND DEC JAM SESSION CHANGED SO THAT J. STIGLITZ CAN ATTEND.
- (B) ORAL BRIEFING
- EXC: MM // ALI (7/17) // LFG (9/29)

**4:00p - 5:20p** ◦ **(FINAL) PRE-BRIEFING: SOUTH ASIA TRIP (B) (N)**
- VENUE: MC 12-700 (EXC CONF. ROOM) // 14+ STAFF
- CONTACT: CHRIS HALL @ 34418
- IN ATTENDANCE: JDW, ERW, LODHI (FOR BRACHEMI), S. AHMED (FOR SINGH), NISHIMIZU, HOVAGUIMIAN (IFC), R. KALDANY (IFC), HALL, MONTOLIU, HOLDEN
- (B) BY SASVP // DUE WEDNESDAY, OCTOBER 1
- EXC: MM // ALI (7/17) // LFG (8/11)

**5:20p - 5:20p** ◦ **IN TRANSIT: WALK TO JB1-080**
- TO ACCOMPANY: ROBERT PICCIOTTO (TO GIVE LAST MINUTE BRIEFING) // MARISELA AND CAROLINE
- 10/06 PICCIOTTO SPOKE TO MM ABOUT GIVING LAST MINUTE BRIEFING TO JDW

**5:25p - 6:25p** ◦ **SPEAKING ENGAGEMENT: OED RETREAT // JDW TO MAKE REMARKS (B) (N)**
- VENUE: JB1-080, J BUILDING, WORLD BANK
- CONTACT: PICCIOTTO @ 84569 // PHYLLIS MALLARD/P. BASTOE @ 34599
- (B) PICCIOTTO // DUE: C.O.B. WED. OCT. 1
- (B) REMARKS - CAROLINE ANSTEY
- 9/19 ORIGINALLY SCHEDULED AS DINNER AT LANSDOWNE FROM 7:00 TO 9:00 PM // TIME CHANGED: 5:40 TO 7:00 P.M. AND VENUE AT THE WORLD BANK
- 10/06 MM CONVEYED ABOUT JDW LEAVING AT 6:40 PM
- EXC: MM // ALI (7/29)

**6:25p - 6:25p** ◦ **IN TRANSIT: WALK TO H BUILDING (MEZZANINE LEVEL)**
- TO ACCOMPANY: MARISELA

| | |
|---|---|
| 6:30p - 6:45p | ▫ **OPENING OF WBAS ART EXHIBITION UNDER THE PATRONAGE OF MR. CLERIDES, PRESIDENT OF CYPRUS "MYTHS, LEGENDS, AND STORIES THROUGH THE EYES OF THE CHILDREN OF CYPRUS" (N)**<br>▫ VENUE: H BUILDING MEZZANINE / LOBBY<br>▫ CONTACT: VASIA DELIYIANNI @ 364-2545<br>▫ ACTUAL RUNNING TIME: 5:30 TO 8:30 P.M. // NOTE: ERW WILL BE ARRIVING AT 6:00 P.M.<br>▫ 10/06 JDW AGREED TO POP-IN BETWEEN 6:40 AND 7:00 P.M. // CFMD WITH VASIA<br>▫ EXC: JDW // LFG (10/06) |
| 6:45p - 6:45p | ▫ **IN TRANSIT: DRIVE TO CAPITAL HILL CLUB**<br>▫ **ADDRESS: 300, FIRST STREET, S.E.**<br>▫ **TEL: 202-484-4590**<br>▫ TO ACCOMPANY: MR. MATTHEW MCHUGH |
| 7:15p - 9:00p | ▫ **DINNER/SPEAKING ENGAGEMENT: JOHN QUINCY ADAMS SOCIETY (N) (B) // JDW TO MAKE REMARKS**<br>▫ VENUE: THIRD FLOOR, ROOM 1, 2, 3 & 4, CAPITAL HILL CLUB<br>▫ CONTACT: MCHUGH @ 80309 (SORAYA) // SARAH CHAMBERLAIN @ 225-3161<br>▫ THIS SOCIETY CONSISTS OF ABOUT 50 HOUSE MEMBERS AND 60 BUSINESS REPRESENTATIVES WHICH MEETS EVERY 8 WEEKS OR SO FOR DINNER // FORMER DELAWARE GOVERNOR MIKE CASTLE, NANCY JOHNSON OF CONNECTICUT AND AMO HOUGHTON ARE THE CO-CHAIRS.<br>▫ NOTE: THERE WOULD BE Q & A PERIOD FOLLOWING JDW'S REMARKS<br>▫ (B) BY MCHUGH // DUE THURSDAY, OCT. 2 // SPEAKING POINTS TO COORDINATE WITH CAROLINE<br>▫ EXC: CA // LFG (9/18) |
| 9:00p - 9:00p | ▫ **IN TRANSIT: DRIVE TO KALORAMA RESIDENCE** |

*Contents*

*Draft of Mr. Wolfensohn's speech*

*Background documents*

**Operations Evaluation Department Retreat**

# THE CHALLENGE OF DEVELOPMENT EFFECTIVENESS

**Address to OED Staff by Mr. James D. Wolfensohn**
**October 7, 1997**

I am delighted to be here. I readily accepted Bob's and Elizabeth's invitation to join you this evening for three reasons:

- *First*, to let you know first hand that I greatly value the work of the Operations Evaluation Department.

- *Second*, to share some thoughts about development effectiveness.

- *Third*, to give you my perspective on the challenges which face evaluation in the World Bank as we approach the next millenium.

## Operations Evaluation in the Bank

The World Bank—as all development institutions—faces unprecedented demands for public accountability. This is as it should be and, from this perspective, I welcome OED's credibility inside and outside the Bank. I understand that independence is critical to the integrity of the function. And I appreciate the fact that OED is located "in house": no other development organization that I know of has managed to set up an internal evaluation group which combines independence with proactive interaction and oganizational learning.

For all of these reasons, I view OED as a corporate asset. Let me mention briefly some of the specific ways in which OED has already contributed to my Presidency.

- *First*, I have appreciated the concise and reliable country briefs which I have gotten from OED. In Brazil, in India and in several countries of Sub-Saharan Africa, I have used this information to put the spotlight of senior policy makers on portfolio implementation and to secure concrete action for improved results "on the ground."

- *Second*, I have put OED evaluations to good use. For example, OED's rigorous assessments of "quality at entry" and portfolio management have been instrumental in helping me and my associates reform key business processes. Equally, OED's reviews of poverty assessments and gender have been helpful and timely. And I am very pleased that OED has lent a helping hand to QAG in its formative period.

- *Third*, I have appreciated the important role which OED has played in guiding the public debate on such important development topics as the social impact of adjustment, large dams or the harmonization of evaluation methods in the development community.

**Development Effectiveness**

Thus, I view OED's work as central to the management of the World Bank. OED is concerned with development effectiveness and development effectiveness lies at the core of what I wish to accomplish. When all is said and done, the *strategic compact* is fundamentally about *development effectiveness*.

There are two sides to the development effectiveness coin. First, as a fiduciary organization, the World Bank has simply no choice but *to do things right.*

For everything which is under Bank control, we must ensure compliance with the highest professional standards. In everything we do, best practice should become common practice. Zero tolerance for poor quality work should be our common standard. Thus, OED should continue to reinforce the result orientation of Bank activities and to assist me in tracking the development impact of Bank operations.

But even more importantly, as the leading development agency, the World Bank must *do the right things*.

This is why we must continue to help developing countries connect to the mighty engine of the global marketplace. This is why we must once again address the reconstruction needs of war ravaged economies. This is why the strategic compact emphasizes social and rural development and why it proposes support for capacity development in Africa.

And, this is also why, as an institution, we must help our member countries fight the scourge of corruption and, given our unique mandate, give voice to the voiceless and promote participatory development.

To be sure, as recommended by OED, we must practice *selectivity* since we have learnt the hard way that development assistance works best in sound policy environments. But selectivity does not mean exclusion. Drawing on the lessons of experience, we must select the right mix of instruments to deal with the highly diverse conditions faced by our developing member countries.

Many of you have read my annual meeting speech. I will not repeat it here. In a nutshell, I believe that inclusion holds the key to development. Through *inclusion*, the poor get a stake in the development process and the entire society benefits. For me, this vision of development means that we must rededicate ourselves to the basic proposition that development has to do with people—their potential, their aspirations and their essential needs.

I do not see the role of the World Bank as limited to the financing of *projects*. Projects are only important to me as a means to implement a vision of equitable and sustainable growth, a vision which the Bank has helped to shape over the years and which is now shared by all our member countries.

Effectiveness
systematically

In order to make a difference, the World Bank has to pilot new ways of doing things. But our basic comparative advantage lies in the "upscaling" process. Successful pilots must be replicated. The true destiny of the World Bank rests in mainstreaming productive change on a scale commensurate with the enormous global challenges of poverty reduction and environmental sustainability. This is a major aim for the new lending instruments which the Board has recently endorsed, thanks in part to the intellectual foundations laid by OED.

Projects can certainly be useful as policy experiments. They can help to catalyze reforms. They can act as transmission belts for ideas and skills. At their best, they aim at institutional development and contribute to the opening up of new opportunities for poor people to improve their livelihood and share in the decisions which affect their lives.

Of course, if not all the changes we support with our lending or our advice will be successful. We cannot afford *not* to take risks. But we must manage these risks responsibly and judiciously. What development effectiveness is really all about is achieving the right balance between ambition and reality; inclusion and selectivity; rewards and risks. This is where the true potential of evaluation lies.

**The Future of Evaluation**

From this perspective, what then is the role of evaluation in the World Bank of today and tomorrow?

*First*, World Bank evaluators must move away from their primary preoccupation with lending and instead concentrate on the impact of the full package of services provided by the Bank. This means looking at systemwide impacts—rather than simply aggregating the ratings of individual projects.

What I need from OED is an assessment of the total effect of our programs at country and global levels. I am aware that this poses special methodological difficulties and data gathering challenges but it is best to be approximately right than precisely wrong.

Is our poverty reduction strategy working? How well are we doing in promoting the role of women in development? Are we on the right track with respect to rural development? Are Bank programs contributing to the reduction of environmental degradation? Are we making progress in building capacity in the least developed countries? Are we making a difference in post conflict reconstruction? What is the poverty reduction impact of our programs?

*Second*, evaluators will have to learn to work in real time. I do understand that OED cannot compromise its independence by getting involved in detailed decision making. But you would have a great deal to offer to the development community by translating your findings into operationally useful lessons, delivered at the right time and at the right place. Modern technology has enormous potential in facilitating communications and learning. I do expect that OED will be an active participant in the Bankwide knowledge management initiative.

How do you [illegible]

*Third*, evaluators must come to terms with ~~the fact that~~ development is not a solo act. Our business crucially depends on successful *partnerships*. Partnerships with borrowers. Partnerships with the private sector. ~~Partnerships~~ with other development agencies. Indeed, I expect that the World Bank will increasingly rely on strategic alliances to fulfill its mandate.

Thus, OED will have to do even more than it is doing now to involve member country governments, key development agencies, the voluntary sector and the ultimate beneficiaries of World Bank assistance. This means ~~that the very nature of~~ the evaluation process will have to evolve to take account of the fact that the societies in which we operate are becoming more open and that a new understanding of "accountability" is spreading, giving greater emphasis to social learning and less emphasis to assigning blame.

So, just as participation is changing the way the World Bank is processing projects, it should influence our evaluation practices and OED is in an excellent position to provide a platform for collaborative evaluations which can contribute to building trust among all parties to the development enterprise.

*Fourth*, OED can help inject results based concepts in the way we manage our affairs. It is not for OED to improve the personnel system. But I would value OED's cooperation in ensuring that we connect operational results more closely to staff assessments. It is not for OED to improve our budget processes. But effective linkages ~~between~~ evaluation and budgeting will not be built without OED involvement. It is not for OED to set up a management information system to track the strategic compact. But OED can contribute valuable inputs to the "score card" which the Budget Department is putting together.

To sum up, I do like what you are doing now but I visualize an even more relevant and influential OED which is providing me with timely and reliable feedback on whether I am delivering on the Strategic Compact objectives through a delayered, decentralized and downsized organization.

This will mean an OED which is:

(i) more systemic and focused on the fundamentals of the Bank's business;

(ii) more nimble and focused on results rather than reports;

(iii) more connected to the multiplicity of partners and stakeholders on which development depends; and

(iv) better geared to the "real time" needs of managers intent on improving the quality of Bank operations by doing the right things as well as doing things right.

Based on the papers you have given me, it seems that this is what the OED Renewal is about. If so, I will give Bob and Elizabeth my full support as the evaluation function is reshaped to better serve the needs of the developing world.

Have a pleasant and productive retreat...

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THE WORLD BANK/IFC/M.I.G.A.

# OFFICE MEMORANDUM

TE: August 1, 1997

TO: Distribution

FROM: Robert Picciotto, DGO

EXTENSION: 84569

SUBJECT: **OED Renewal**

The Operations Evaluation Department is undertaking its most ambitious reorganization since the post of director-general for operations evaluation (DGO) was established 22 years ago. The reorganization, designed and carried out with the active participation of all OED staff, seeks to align the independent evaluation unit to the Bank's strategic priorities, and to facilitate OED connectivity to the networks, the regions and the Bank's budding knowledge management system.

The reshaping of OED was a natural outgrowth of the new evaluation strategy, which has been endorsed by the Board's Committee on Development Effectiveness in light of the conclusions of the Evaluation Learning Group. This new strategy stems from the need to produce "real time" feedback to management and to assess the Bank's overall performance not only in terms of individual projects, but also in terms of the Bank's impact on country economic and sector policies, capacities and performance, and of the Bank's aggregate contribution to global development priorities. This evolution is particularly relevant to the Bank's strategic shift from a lending to a full-service institution. The new organizational structure reflects both OED's shift in emphasis to the country as a new unit of account and the networks crucial role in evaluation.

OED will now comprise four groups —Sector and Thematic Evaluations (OEDST), Country Evaluations and Regional Relations (OEDCR), Corporate Evaluations and Methods (OEDCM) and Partnerships and Knowledge Programs (OEDPK). The groups will have permeable boundaries and seek to encourage flexibility and efficiency.

The renewal process is managed by Ms Elizabeth McAllister, the new OED Director, with the assistance of a staff advisory group. Management positions for the four new OED groups have been advertised Bank-wide and short-lists are being prepared. The acting managers are:

Sector and Thematic Evaluations (OEDST) - Roger Slade
Country Evaluations and Regional Relations (OEDCR) - Rene I. Vandendries
Corporate Evaluations and Methods (OEDCM) - Andres Liebenthal
Partnerships and Knowledge (OEDPK) - Pablo Guerrero

As depicted on the attached chart, OEDST comprises five clusters: education; energy and brown environment; health, population and nutrition; infrastructure; and rural and green environment. OEDCR includes four clusters: country economics and poverty; finance and public sector development; gender, social development and social protection; and public sector management. OEDCM undertakes corporate and process evaluations and also covers research, database management and evaluation methods. OEDPK deals with evaluation capacity development and partnerships as well as communications; information technology; publications; and training. The creation of this group reflects the importance which the new OED will place on effective dissemination and on mainstreaming evaluation lessons into new and ongoing operations.

Thematic coordinators will be appointed for each cluster and regional coordinators for each region. The list of acting coordinators follows:

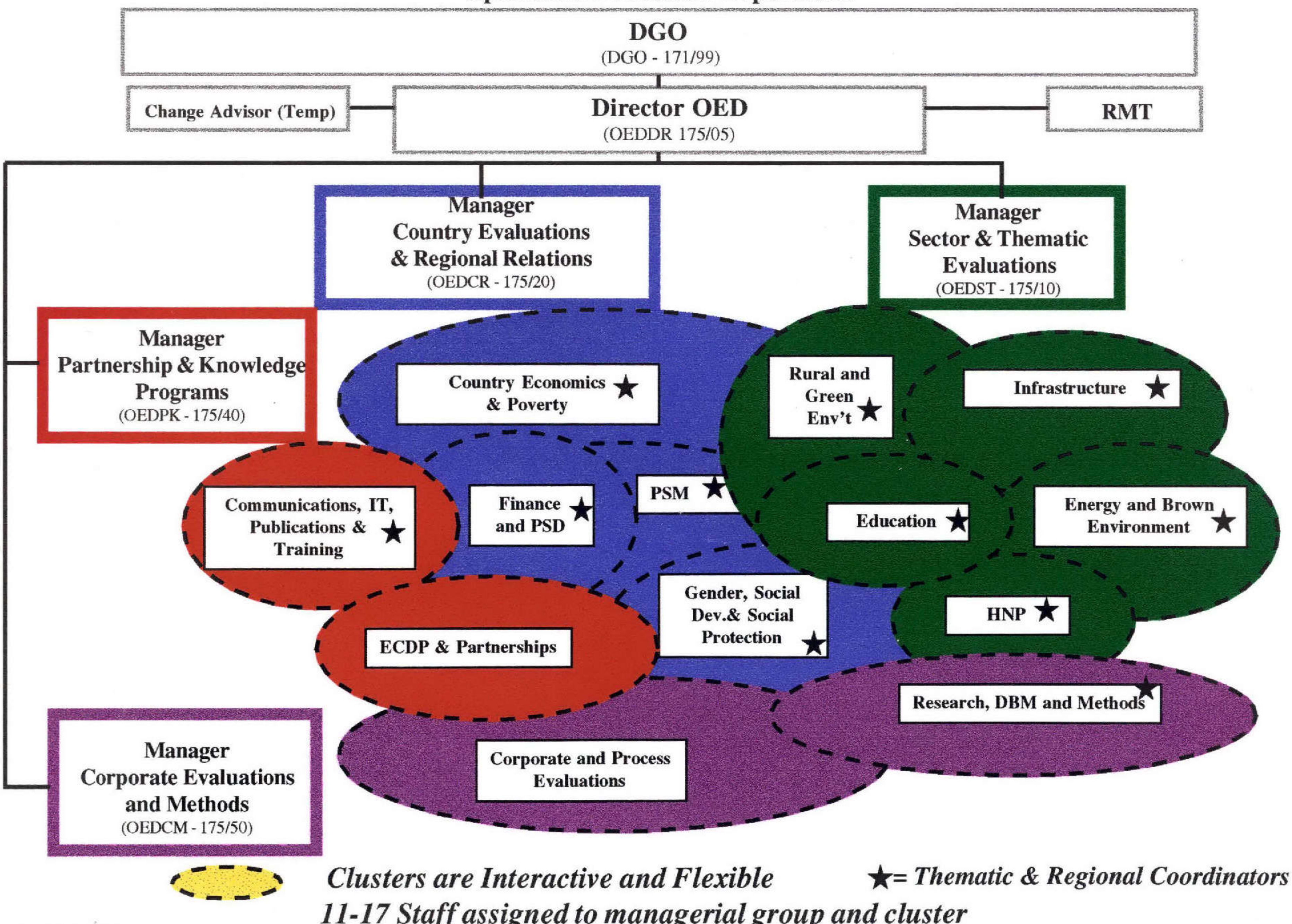
| | |
|---|---|
| Education | Linda Dove |
| Energy & Brown Environment | Alain Barbu |
| Health, Population & Nutrition | Susan Stout |
| Infrastructure | Antti Talvitie |
| Rural & Green Environment | Christopher Gibbs |
| Country Economics & Poverty | Rene Vandendries |
| Finance & Public Sector Development | Richard Berney |
| Gender, Social Development & Social Protection | Josette Murphy |
| Public Sector Management | Anwar Shah |
| Latin America & the Caribbean | Luis Landau |
| Europe & Central Asia | Roger Robinson |
| Middle East & North Africa | Nicolas Mathieu |
| Asia | Gianni Zanini |
| Africa | Jayati Datta-Mitra. |

**Distribution:**

Messrs./Mmes. Einhorn (MDFMD), Kaji (MDOMD), Koch-Weser (MDOMD), Sandstrom (MDCMD), Wilson (FPRVP), Madavo, Sarbib (AFRVP), de Ferranti (HDDDR), Berry (HRSVP), Perlin (TREVP), Fukui (RMCVP), Shihata (LEGVP), Serageldin (ESDVP), Rischard (FPDVP), Severino (EAPVP), Linn (ECAVP), Stiglitz (DECVP), Muis (CTRVP), Dervis (MNAVP), Baird (SRMVP), Malloch Brown (EXTVP), Ahmed (PRMNH), Nishimizu (SARVP), Burki (LCRVP), Zhang (SECVP), Bond (IENTI), Pellegrini (TWUDR), Iskander (PSDDR), Davis (SDV), McCalla (RDV), Watson (ENV), O'Rourke (HDDED), Feachem (HDDHE), Blanchi (ECAVP), Brizzi (MNAVP), Kohli (EAPVP), Penalver-Quesada (SARVP), Weissman (AFTSA)

cc: Messrs./Mmes. E. McAllister (OEDDR), Calderisi (ICD), Moylan (HRST1), H. Thomson (Cons.), Vidyasagar (HRSVP); OED Staff

# Operations Evaluation Department




OEDDR 8/1/97

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*OPERATIONS EVALUATION DEPARTMENT*

# *OED RENEWAL*

# *RETREAT*

*Tuesday, October 7, 1997 - Conference Room JB1-080*
*3:30 P.M. - 7:00 P.M.*

*and*

*Wednesday, October 8 - Thursday, October 9, 1997*
*at*
*Westfields Conference Center*
*14750 Conference Center Drive*
*Chantilly, Va. 20151*
*Tel: (703) 818-0300*
*Fax: (703) 818-3655*

*OED RENEWAL RETREAT*

*PROGRAM OF EVENTS*

*Tuesday, October 7, 1997*
*World Bank Conference Room JB 1-080*

3:30 - 3:35 *Welcome to the retreat*
Robert Picciotto, Director-General, Operations Evaluation

3:35 - 4:30 *Client panel 1 - Senior management in the World Bank*
Panel participants: D. Joseph Wood, Senior Advisor, DEU (Chair)
Mark Baird, Vice President, SRM
Johannes Linn, Vice President, ECA
Joanne Salop, Director, OPS

4:30 - 5:30 *Client panel 2 - Executive Directors*
Panel participants: Leonard Good, EDS07 (Canada)(Chair)
Marc Antoine Autheman, EDS04 (France)
Juanita Dy Amatong, EDS15 (The Philippines)
Andrei Bugrov, EDS23 (Russian Federation)

5:30 - 5:45 *Break - refreshments*

5:45 - 7:00 *Development effectiveness and the World Bank*
James D. Wolfensohn, President

## *OED RENEWAL RETREAT*

## *PROGRAM OF EVENTS*

**_Wednesday, October 8 - Thursday, October 9, 1997_**
*Westfields Conference Center*
*Chantilly, Virginia*

**Wednesday, October 8**

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| 8:30 | Bus leaves HQ for Westfields Conference Center |
| 9:30 - 10:00 | *Continental breakfast*<br>(Note: Leave bags at Front Desk; check in at the end of the afternoon) |
| 10:00 - 10:10 | *Welcome to second phase of the retreat / conference norms*<br>Elizabeth McAllister |
| 10:10 - 10:25 | *Grouping for max-mix*<br>Harvey Thomson |
| 10:25 - 11:25 | *New challenges for development*<br>Keith Bezanson, Director, Institute for Development Studies, Sussex University |
| 11:25 - 11:45 | *Break* |
| 11:45 - 1:15 | *Inside the OED strategy*<br>Robert Picciotto<br>Presentation / table groups / plenary |
| 1:15 - 2:30 | *Lunch* |
| 2:30 - 3:15 | *OED' s mission and values*<br>Salman Anees<br>Presentation / table groups |
| 3:15 - 4:45 | *Values at work - cluster breakout groups*<br>Harvey Thomson<br><br>Instructions for breakout session / cluster breakout groups<br>(Note: Breakout groups will take a break during their session) |

**Wednesday, October 8 - *continued***

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| 4:45 - 5:30 | *Values at work - plenary session*<br>Harvey Thomson |
| 5:30 - 7:00 | *Break - including time to check into rooms* |
| 7:00 | *Cocktails* |
| 7:30 | *Dinner and entertainment* |

**Thursday, October 9**

(Note: Please bring bags down to Front Desk area before the first work session.)

| | |
|---|---|
| 7:45 | *Breakfast* |
| 8:30 - 9:30 | *Work planning and renewal processes - state of the union*<br>Elizabeth McAllister<br>Presentation |
| 9:30 - 11:00 | *Input to OED's work program planning*<br><br>Breakout groups provide feedback on DMT's planning framework and brainstorm product/process proposals as input to management.<br>(Note: Groups will take a break during their session.) |
| 11:00 - 12:00 | *Work program planning - plenary session*<br>Elizabeth McAllister |
| 12:00 - 1:00 | *Lunch* |
| 1:00 - 3:00 | *Renewing our products and processes*<br>Per Bastoe<br><br>Seven concurrent sessions (Groups will take a break during this period.) |
| 3:00 - 3:45 | *Products and processes - plenary session*<br>Per Bastoe<br><br>Session recorders share key conclusions |

**Thursday, October 9 - *continued***

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|---|---|
| 3:45 - 4:15 | *Retreat windup*<br>Elizabeth McAllister |
| 4:15 | Bus returns to HQ |

International Bank for Reconstruction and Development

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COMMITTEE ON DEVELOPMENT EFFECTIVENESS

CODE97-15

FROM: The Secretary, Committee on Development Effectiveness

February 27, 1997

**Evaluation in the World Bank: Challenges and Priorities**

Attached is a memorandum from the Director-General, Operations Evaluation Department with an accompanying report entitled ***Evaluation in the World Bank: Challenges and Priorities***. This report will be discussed at the meeting of the Committee on Development Effectiveness scheduled for Friday, March 7, 1997.

**Distribution**

Committee
Mr. Alyahya
Mr. Bourhane
Mr. Good
Mr. Hubloue
Ms. Jacoby
Mr. Nicholl
Mr. Piercy
Mr. Singh

For Information
Other Executive Directors and Alternates
President's Executive Committee
Mr. Aguirre-Sacasa
Ms. Alexander
Mr. de Ferranti
Mr. Dervis
Ms. Donovan
Mr. Garg
Mr. Hope
Mr. Jabre
Mr. Kassum
Ms. Lee
Mr. Wood
Mr. Linn
Mr. Madavo
Mr. Nankani
Ms. Nishimizu
Mr. Picciotto
Mr. Rigo
Mr. Rischard
Mr. Sarbib
Mr. Serageldin
Mr. Stevenson

**The World Bank**
Washington, D.C. 20433
U.S.A.

ROBERT PICCIOTTO
Director-General
Operations Evaluation

February 26, 1997

**A Strategic Framework for Operations Evaluation**

The need for a revised evaluation strategy is rooted in a changing concept of the Bank's role—from a lending organization to a full service development institution, relying on partnerships and intent on judging its effectiveness by results on the ground, both at country level and in global terms.

For self-evaluation as well as independent evaluation, this is a considerable challenge. The attached note outlines the directions of the new evaluation agenda and provides a framework for reviewing evaluation priorities. It aims at helping to realize the President's vision of a more relevant, comprehensive and timely evaluation system.

Shaped by the policy context of the Strategic Compact and informed by focus groups commissioned by OED, the paper draws heavily from the findings and recommendations of a Bankwide Evaluation Learning Group, co-chaired by OED and OPR.

How will the strategic compact be monitored and the portfolio improvement program tracked? What should be the scope and frequency of a more comprehensive development effectiveness reporting system? When will the building blocks for constructing such a system be available? What will be the role of the country and network managers in the self evaluation process? What contribution can be expected from the knowledge management initiative?

In order to meet the needs of the on-going renewal program, and under the aegis of the Committee on Development Effectiveness, these and related issues will need to be tackled prior to the preparation of a coherent business plan for independent and self-evaluation.

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EVALUATION IN THE WORLD BANK: CHALLENGES AND PRIORITIES

## A. A Strategic Framework for Operations Evaluation

1. The President has called on the evaluation function to produce "real time" feedback to management and to assess the Bank's performance not only project by project, at completion, but also in terms of (1) the Bank's impact on country policies, capacities, and development performance and (2) its aggregate contribution to global development priorities.

2. This concept of development effectiveness has major implications for the future of evaluation in the Bank. Accordingly, this note outlines the challenges and opportunities facing the evaluation function and suggests policy directions both for independent evaluation and for self-evaluation. It deals with the interface between evaluation and the strategic compact, the evaluation aspects of portfolio management, the new challenges of development effectiveness, and the implications of the knowledge management initiative for evaluation.

3. The note is meant to assist deliberations by Board and management toward reshaping the Bank's evaluation agenda. It draws on the policy priorities of the strategic compact, the recommendations of the Evaluation Learning Group (ELG),[1] and the insights of focus groups commissioned by OED.

4. Taking account of senior management views and the deliberations of the Committee on Development Effectiveness (CODE), the agreed evaluation priorities will be reflected in OED's FY98-00 Business Plan and the FY98 Work Program and Budget paper, which is to be reviewed by CODE before the Board considers management's FY98 Budget proposals.

## B. Monitoring the Strategic Compact

5. Over the next three years, evaluation will need to focus its programs according to the emphases of the strategic compact. The Bank's overarching priority—poverty reduction within a sustainable physical and policy environment—has been reaffirmed and, in key respects, reinvigorated in the strategic compact, for example in social development, human resources, and the rural sector. Given the proposed focus on accountable and transparent management of development programs and projects, evaluation will need to pay increased attention to financial management and capacity building.

6. Of special relevance to evaluation is the proposed strategic shift from a lending Bank toward a full service Bank, managed for results in partnership with borrowers and other stakeholders. A more comprehensive, relevant, and participatory evaluation function will help to gear Bank operations closely to borrowers' needs, to enhance the quality of work

[1] See *Evaluation Learning Group: Outline of Findings and Recommendations,* available from OED and OPR, February 21, 1997.

needed to promote the Bank's global priorities, and to deliver better development results on the ground.

7. At the country level, development effectiveness would be judged in terms of progress toward sound implementation of Bank-financed operations, agreed policy reforms, and institutional development objectives. At the global level, it would be assessed in terms of the aggregate results of Bank assistance programs in support of the poverty reduction objective, achieved through the thematic emphases promoted by the networks. At the strategic level, it would focus on the alignment between Bank comparative advantage, the selection of country and sector assistance objectives, and the quality and impact of Bank operations and programs.

8. The recent set-up of a strategic planning process connected both to the Bank's resource management system and to the change initiative will facilitate corporate oversight of the organizational transformation. The strategic compact lays out the broad goals of the change initiative, and proposes to strengthen performance monitoring. This will require close links between resource management and evaluation activities, to ensure that appropriate performance indicators are selected and tracked.

9. A carefully conceived Bankwide score card is needed to track the results of the strategic compact. This apex monitoring instrument should bring together relevant and timely information from all parts of the Bank (Chart 1). It will call for judicious processes to review and interpret the results. The respective roles of the Regions, networks, PBD, and evaluation units—as well as the scope and frequency of reporting to senior management and the Board—will need to be agreed.

10. The Board's Budget Committee will oversee the costs and benefits associated with the change initiative; the Personnel Committee will examine its implications for the management of the Bank's human resources, while the Audit Committee and CODE will carry out their statutory oversight responsibilities with respect to financial policies, internal controls, and development effectiveness aspects, respectively.

### C. Evaluating Portfolio Management

11. Despite the proposed diversification of Bank products, lending is likely to remain a core product and the current evaluation process for investment and adjustment operations (validated by OED's independent reviews, performance audits, and impact evaluations) provides a sound basis for assessing the relevance, efficacy, and efficiency of individual lending operations. Less satisfying has been the ability of the system to capture externalities and the synergies involved in Bank operations and partnerships.

12. This said, the evaluation of individual loans and credits should be kept in good order; it is the linchpin of the current accountability and learning system. As in the past, it should be continuously adapted to reflect the evolving state of the art and the advent of new lending products. Under the aegis of CODE, cooperation between OED, OPR, and the Regions has

improved and substantial enhancements have been made in the implementation completion reporting and performance auditing system; in strengthening links between evaluation, appraisal, and supervision; and in drawing implications for portfolio management.

13. Innovative work by the new Quality Assurance Group (QAG) has also been instrumental in enhancing the focus of operating units on better portfolio management. In particular, QAG has provided "real time" confirmation of key evaluation findings, thus making it easier for operating units to internalize evaluation lessons.

14. The ongoing portfolio improvement program includes:

- better quality assurance at entry;
- proactive portfolio management through greater focus on development outcomes; more realistic supervision ratings; more frequent mid-term reviews; earlier restructuring of problem projects; and higher-level, action-oriented country portfolio performance reviews;
- stronger self-evaluation processes, including eliminating the backlog of implementation completion reports; improving monitoring and evaluation within projects; and retrofitting the portfolio where ongoing projects do not have clear, realistic, monitorable performance indicators; and
- substantive borrower participation in portfolio management and evaluation and support for related capacity development.

15. Since development effectiveness is at the very top of the Bank's operational agenda, both self-evaluation and independent evaluation should continue to deliver follow-up reviews, training support, and oversight activities relevant to portfolio improvement and better development results from lending operations.

## D. Evaluating Development Effectiveness

16. Under the strategic compact, the Bank will seek to provide a more diverse range of products to its borrowing member countries and emphasize collaborative activities benefiting the whole development community. As this vision materializes, both self-evaluation and independent evaluation will have to be strengthened, broadened, deepened, and made more participatory, to ensure adequate corporate accountability for the effectiveness of the full range of Bank services—and to contribute to businesslike partnerships with borrowers and stakeholders.[2]

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[2] See *Annual Report on Operations Evaluation*, Report No. 16115, November 15, 1996.

*Toward an annual report on development effectiveness*

17. The Evaluation Learning Group has recommended that management produce an overview of the Bank's development effectiveness—"an overall assessment that reflects the totality of the Bank's impact on development and its progress toward...poverty reduction". Such an overview would be fully consistent with the President's strategic vision of the future role of evaluation. An evaluative process dealing with strategic issues and long-term performance trends would complement the short-term monitoring focus of the "score card". If this challenge is attempted, the new processes it entails would make a mighty contribution to transforming the Bank into a full-fledged learning organization.

18. The scope and focus of development effectiveness reports require careful consideration. Reports will need to be framed so as to meet the genuine needs of senior management and the Board, avoiding excessive paperwork. To be able to transcend the current scope of the Annual Review of Evaluation Results (prepared by OED) and the Annual Report on Portfolio Performance (prepared by OPR), an Annual Report on Development Effectiveness (ARDE) would require the prior production, assembly, and interpretation of objective evaluations focused on country assistance programs and sector/thematic activities. In turn, the quality and reliability of such evaluations would depend critically on the ready availability of evaluation building blocks at the level of lending and non-lending services (Chart 2).

19. As recommended by the ELG, a phased approach to the production of such an overview, shaped by the views of Regional and network staff and closely connected to operational strategy processes, would be appropriate. Over time, the evaluation system would be broadened and deepened as an integral part of the change initiative. The ELG's target—of a first comprehensive review of the Bank's development effectiveness by FY2000, the eve of the new millennium—is a demanding one.

20. Most likely, the large range of development themes on which the Bank works would best be assessed on a selective and rotating basis, attempting comprehensive coverage only in years when a strategic reorientation of the Bank is sought. Even so, the result would be a more transparent reflection of the Bank's multifaceted development work than the current, lending-oriented, apex evaluation products. The balance of this note describes what would have to be done to help achieve this worthy goal.

*The country program as unit of account*

21. OED's recent *Annual Review of Evaluation Results*[3] concludes that quality at entry and supervision performance are highly significant influences on portfolio outcomes. Yet the borrower's performance emerges as the most influential factor, and econometric analyses show the critical role played by the borrower's country policy environment and

[3] Report No. 16110, November 15, 1996.

implementation capacity. Accordingly, risk/reward analyses as well as objective reviews of capacity constraints and alternative roles for development partners will need to be enhanced as the foundation of country and corporate strategy.

22. Country assistance reviews (CARs) recently completed by OED confirm that the development impact of Bank assistance is not adequately captured by aggregating the development results of completed projects. The CARs also show that it is feasible to provide useful retrospective assessments of the relevance, efficacy, and efficiency of country assistance strategies, thus facilitating the use of evaluation findings by the Regions, senior management, and the Board (Chart 3). Now that the design of country assistance strategies is evolving toward a participatory process, which aims at judicious selection of policy objectives, operational instruments, and performance indicators, it is time to "mainstream" the retrospective self-evaluation of country assistance programs as a key feature of Regional business planning and budgeting.

23. The broadening of self-evaluation to incorporate objective assessments of country program results and collaborative and/or expert reviews of strategic objectives and institutional environments—combined with independent checks of these self-evaluation documents and the preparation, on a sampling basis, of country assistance reviews by OED—would be a natural first step toward the more comprehensive and relevant evaluation function outlined in this note. The role of the country director in the revamped regional structure will provide a natural anchor for CAS self evaluation.

*Sectoral and thematic evaluations*

24. Currently, self-evaluations of the Bank's sector/thematic programs are not routinely prepared upstream of policy papers. Nor is there systematic evaluation of the numerous regional and global collaborative programs that the Bank funds or executes. OED has devoted significant resources to producing high priority sector policy evaluations but resources have not been sufficient to substitute for the gaps in self-evaluation. Thus, while some of the foundations have been laid for a more comprehensive approach to the evaluation of the Bank's overall impact on issues of global significance, much remains to be done.

25. The Bank's proposed involvement in the Development Assistance Committee's "Shaping the 21st Century" initiative confirms the need to fill the thematic/sector evaluation gap, in line with the Bank's policy directions. The capacity for producing progress reports on poverty reduction, the environment, gender, and other thematic programs exists. The evaluation content of the reports has improved but there is scope for a more systematic and rigorous approach. Evaluation of the Bank's performance toward global priorities has been episodic, partial, and insufficiently grounded in reliable performance evaluation.

26. Thus, not all the building blocks are yet in place to meet the needs for country assistance and sector/thematic evaluation. Recently, management agreed to set up a self-

evaluation system for trust-funded programs.[4] Bank management is also considering a specific proposal, put forward by OED in November 1996,[5] for enhancing the self-evaluation of economic and sector work, and is expected to establish a system shortly, starting with QAG sample reviews. And it is still not clear whether the networks will ensure adequate self-evaluation coverage for the key thematic priorities that have been entrusted to them.

27. Effective coordination of this work across units—and appropriate involvement of Bank partners—is imperative if evaluation is to generate value added at the corporate level. In particular, country assistance programs should give adequate priority to building the capacity that borrowers and partners will need if they are to be fully associated with the Bank's development effectiveness and objectives.

*Shortening the feedback loop*

28. Another tough challenge for the evaluation function is the real-time delivery of objective evaluation information to help manage the Bank's programs toward effective and sustainable outcomes.

29. With respect to lending, progress has been made in several areas critical to the timeliness and relevance of evaluation feedback. First, OPR and OED have pioneered a quality review process, "ECON", which QAG will be using as a platform for evaluating the quality at entry of Bank operations. Second, there has been a welcome convergence between the work of OED in the Annual Review of Evaluation Results and of OPR in producing the Annual Report on Portfolio Performance. Third, QAG has put in place an innovative approach to evaluating the quality of supervision, appraisal, and portfolio management in sectors and countries "at risk", by tapping Bankwide expertise and drawing on OED's store of evaluation knowledge.

30. Yet the long gestation of traditional investment projects, combined with the weakness of monitoring and evaluation systems, makes it difficult to secure evaluation feedback from Bank projects that is both timely and relevant. This has led to greater and earlier resort to mid-term reviews and the search for more flexible, adaptable methods of lending that can incorporate timely, independent, and collaborative evaluations into the very design of the project cycle—for example in conjunction with the use of pilots and development credit lines. Work is underway to prototype this approach, as recommended by the Social Development Task Force report.[6]

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[4] See *Evaluation of Trust Funds: A Proposal*, Operations Evaluation Department and Controller's Department, March 22, 1996.

[5] *The Evaluation of Economic and Sector Work: A Review,* Operations Evaluation Department, November 1996.

[6] *Social Development and Results on the Ground*, SecM96-1063, October 18, 1996.

31. Since, in most cases, the evaluation of non-lending services involves shorter feedback loops than the evaluation of investment projects, the proposed establishment of evaluation processes for non-lending services would contribute substantially to the timeliness of the evaluation function.

## E. Knowledge Management and Organizational Learning

32. The Bank's organization of knowledge should be shaped by evaluation concepts and should reflect the Bank's business needs. At least initially, the Bank's knowledge management initiative should concentrate on acquiring, organizing, and disseminating reliable information on Bank projects, country assistance programs, and global thematic and sectoral programs funded or executed by the Bank. This would be a cost effective strategy toward the development of the broadly based activities needed to turn the Bank into a leading global center for development knowledge.

*Evaluation concepts and methods*

33. The Bank's evaluation methods constitute best practice within the development business. But their full, transparent, and rigorous application has been held back by limitations of data and skills.

34. First and foremost, the social and environmental aspects of projects require more systematic monitoring and evaluation. Progress has been made but beneficiaries' participation in monitoring and evaluation is still far from adequate. Efforts are needed to make evaluation more participatory, in full agreement with borrowers. This will require the design of new and more effective ways of involving borrowers in evaluation, and development of participatory skills in the Regions, the networks, and OED. Greater participation of borrower agencies, local research bodies, and local NGOs will be critical to the enhancement of the social and environmental content of evaluation.

35. Second, the scope of evaluation will have to be expanded. It will be impossible to clarify the relationship between the Bank's actions and results on the ground unless we can secure basic information on the Bank's non-lending transactions. These contributions, which up to now have been treated as exogenous to individual Bank operations, will have to receive explicit attention in the evaluation process. Advisory and "connector" services (whether or not they lead to lending) should be evaluated and the findings fed back to encourage management for results. In this way, the synergy among loans in the portfolio and the Bank 's policy and capacity building contributions would be captured more thoroughly.

36. Third, in an era of development partnership, the aggregate development effectiveness of actions funded by the Bank, by other development agencies, and the private sector will increasingly need to be assessed as a package. This is why the Bank, under the leadership of OED, should continue to promote evaluation alliances with borrowers and development agencies, while the Operations Evaluation Group in IFC could take the lead in involving

private partners and securing market data relevant to the evaluation of Bank Group operations for private sector development.

37. Fourth, the Bank's research agenda should be reoriented toward results on the ground. This is likely to involve the promotion of applied research and evaluation capacities in developing countries and greater priority to learning from Bank-financed programs and projects. In parallel, the President's Senior Adviser on development effectiveness (Joe Wood), working with the Bank's Chief Economist and the DGO, would coordinate progress toward more comprehensive, relevant, participatory, and cost-effective evaluation methods.

*Operational data*

38. The paradox of the Bank's current performance information system is that it has not been sufficiently geared to the Bank's core business—lending. Neither the OED database on 4,300 completed operations, drawn out of the Regions' implementation completion reports, nor the ARPP database on 1,550 ongoing operations have been set up to provide systematic information about physical achievements, performance indicators, policy impacts, capacity building results, or development outcomes. Progress is also needed toward organizing knowledge about the policy and capacity building outcomes of country assistance strategies.

39. These data gaps have undermined the efficiency of independent and self-evaluation, organizational learning, policy analysis, and public information activities. To fill them will require redeployment of resources toward borrower data gathering and evaluation capacities. If priority is given to this feature of the knowledge management initiative, the Bank's role as a global source of development knowledge would be considerably enhanced.

*Learning*

40. Evaluation training should assume greater priority in the work programs of OED, the Learning and Leadership Center (LLC), and the Economic Development Institute (EDI). Resource constraints have inhibited both the systematic upgrading of evaluation skills Bankwide and the involvement of OED, OPR, and QAG staff in LLC and EDI training programs. There is an urgent need to develop case study materials linked to Bank operations and to involve borrowers and partners in evaluation training.

41. Beyond the knowledge and skills of individual staff, organizational learning is critically dependent on independent evaluation. Corporate performance depends on how policies are shaped, how programs are designed, what products are offered, what business processes are used, how resources are allocated, and what incentives are put in place to motivate and reward staff. This is why, as recommended by the Evaluation Learning Group, independent evaluation should be closely connected with strategy setting, resource management, and personnel performance evaluation.

## F. Overall Implications for the Evaluation Function

42. Development effectiveness and accountability for results lie at the core of the strategic compact. This note provides a framework for drawing the implications for evaluation activities. Broadening, deepening, and strengthening of organizational learning and performance measurement is a necessary consequence of the renewal initiative. Yet the enhanced evaluation system should be cost-effective, businesslike, and oriented to the front lines. Modernization of information management, simplification of reports, tighter business standards, and enhanced skills apply to evaluation as well as to other aspects of operational work.

43. Under the oversight of CODE, the relationship between self-evaluation and independent evaluation is managed to be synergistic and complementary. Wherever feasible, independent evaluation in the Bank should be grounded in self-evaluation, and self-evaluation should have first claim on priority evaluation tasks. The reason for applying the subsidiarity principle to evaluation is that quality management depends heavily on the involvement of those who are directly responsible for delivering services to clients, managing operations, or designing Bank policies.

44. Independent evaluation, for its part, needs to be adequately equipped to attest to the adequacy of self-evaluation processes and products. It should concentrate its analytical resources on "wholesale" evaluation at the policy and thematic levels; give adequate priority to organizational learning, training, and knowledge management; and, as the ELG has recommended, function as a center of excellence for development evaluation and as a hub for development partnerships.

45. Based on this division of labor and considering the scale and complexity of the challenge ahead, a collaborative approach is proposed for the preparation of an integrated business plan for the Bank's evaluation activities. Generation of planning and budgeting data, borrower and staff surveys, external peer reviews, self-evaluation studies, QAG reports, OED independent evaluations, and operationally oriented internal audit reports would need to be combined within a coherent evaluation program validated by CODE and monitored by its subcommittee. The FY98-00 business planning process offers the opportunity for management and OED to interact with borrowers and staff and to propose to CODE an integrated evaluation program consistent with the strategic framework of this note.

46. An approach that is mutually supportive, evolutionary, and experimental is likely to yield better results than one that is rigid and predetermined. Yet there needs to be a shared commitment to the vision of a broader, more relevant, and more transparent evaluation system.

*Self-evaluation*

47. To show its commitment to this vision, management may wish to confirm its intention to:

(1) introduce retrospective assessments of country program results as part of the CAS process;

(2) allocate evaluation responsibilities to the networks for sector/thematic/global programs;

(3) give priority to the portfolio improvement program and introduce self-evaluation processes for all non-lending services;

(4) promote piloting and replication of promising approaches to borrowers' evaluation capacity development;

(5) emphasize operational learning from Bank-financed programs and projects in Bank research, training, and knowledge management;

(6) undertake to produce an Annual Report on Development Effectiveness (ARDE) for Board review.

*Independent evaluation*

48. Conversely, as the Bank's apex evaluation unit, OED should exercise intellectual leadership and reorient its activities to achieve the strategic evaluation goals outlined in this note. In particular, its work program should be broadened and reconfigured, to:

(1) evaluate independently the development effectiveness aspects of the strategic compact;

(2) make the country assistance program a privileged unit of account for OED evaluations;

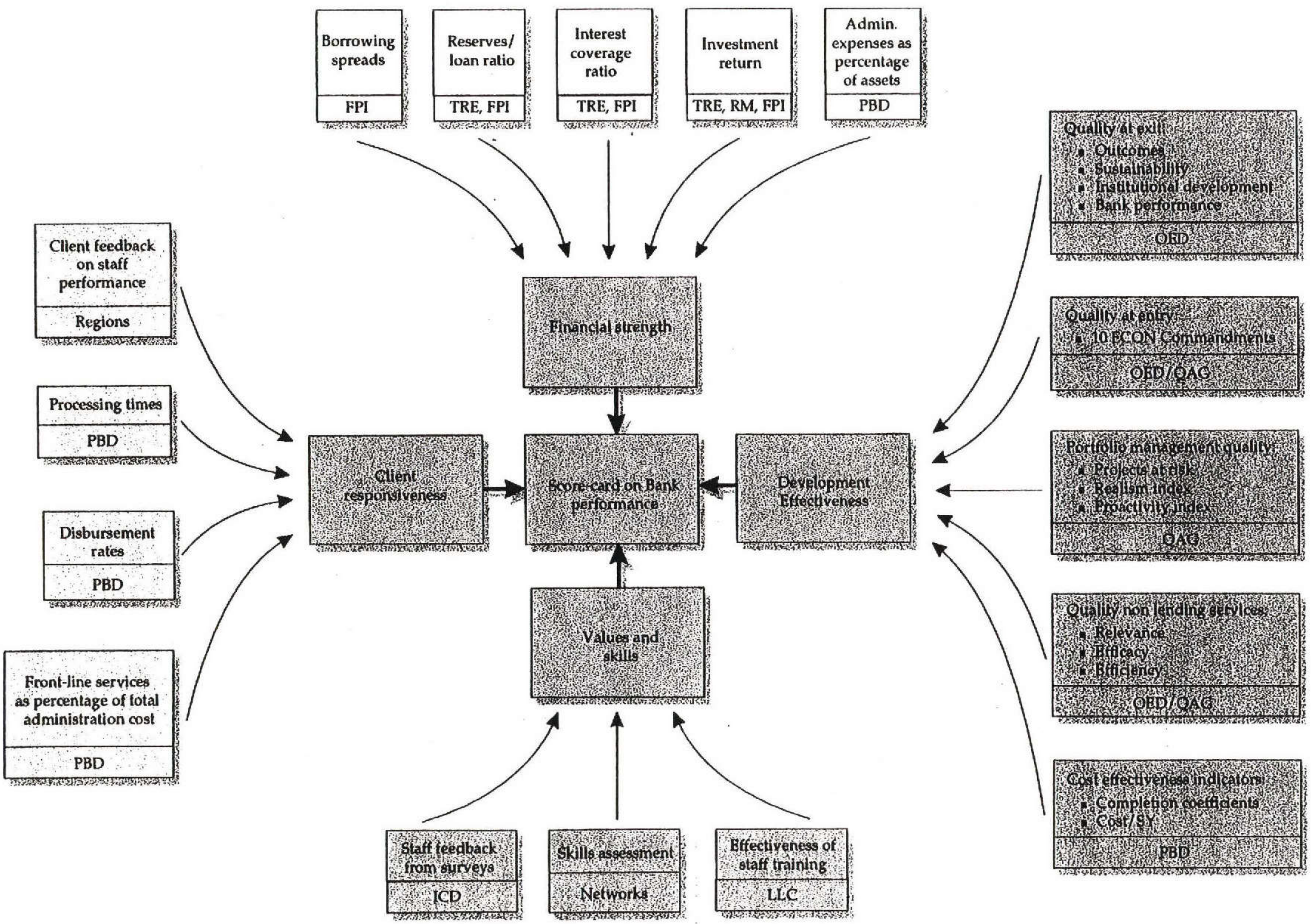
(3) ensure adequate coverage and quality of sector and thematic evaluation activities through independent impact and policy evaluation;

(4) put greater emphasis on "front line" participatory evaluation and capacity building activities in developing countries;

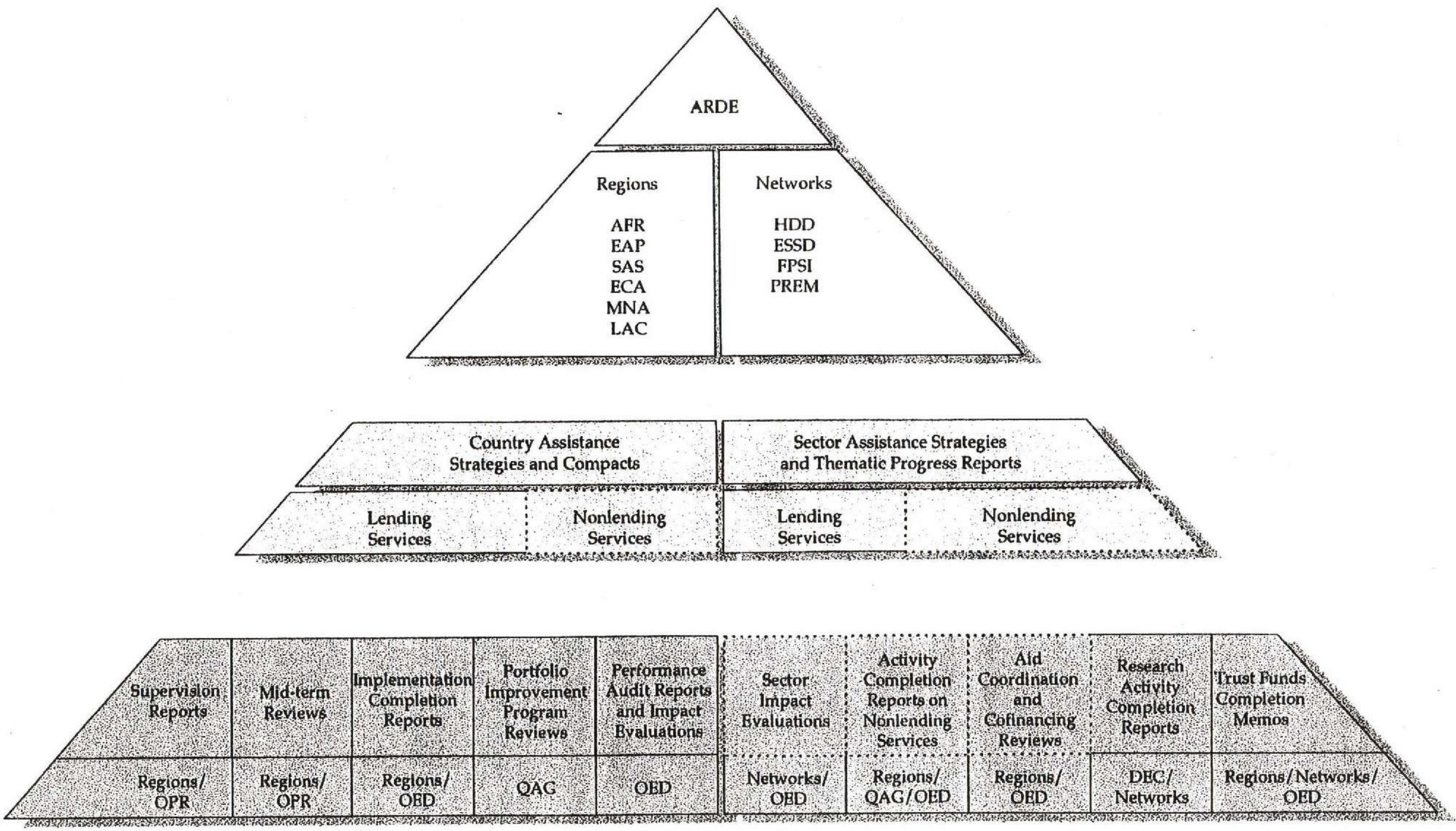
(5) guide and support evaluation research, training, knowledge management, and personnel evaluation; and

(6) carry out independent process reviews of portfolio management and the ARDE.

# Chart 1: Building Blocks for Score-card on Bank Performance



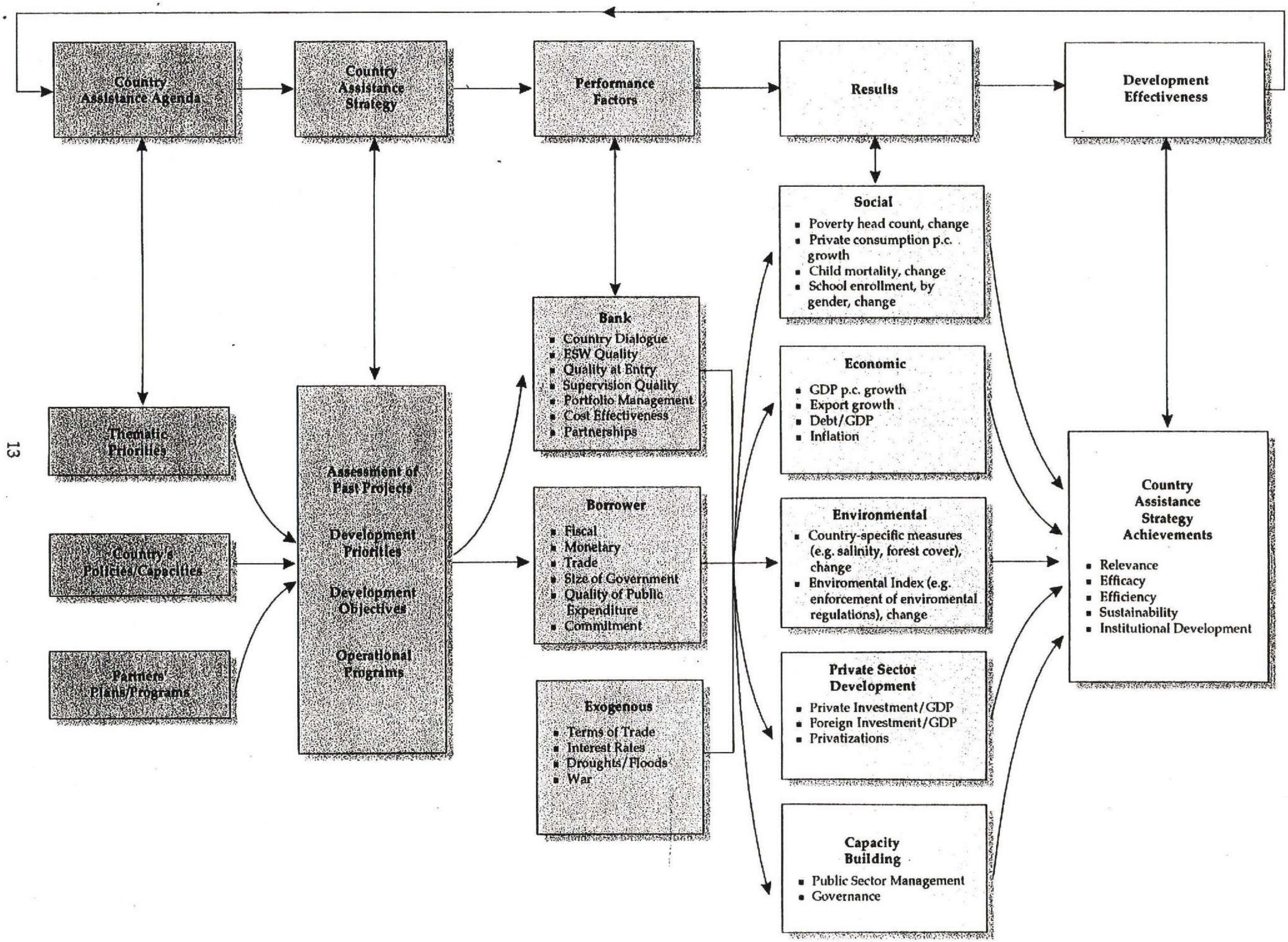
# Chart 2: Building Blocks for an Annual Report on Development Effectiveness




[dotted box] Proposed

Notes: Client views will need to be systematically captured in the evaluations at the activity and country levels. External sources and OED process reviews are excluded.

# Chart 3: Evaluating Cou y Assistance Strategies



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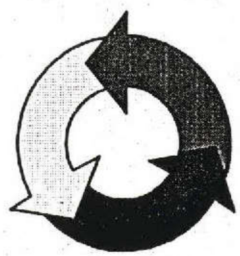
# The Development Effectiveness Challenge

## -- OED's Strategy --



# Towards strategic evaluation

*Objective:* Evaluate the development impact of the World Bank as a full service institution.

*Status:* We still evaluate the World Bank "one project at a time".

## *Actions:*

- Reduce OED resources allocated to project evaluations by half.
- Evaluate *non lending* services (economic and sector work; grants; guarantees, etc.)
- Double OED resources allocated to *country* evaluations.
- Work towards an *Annual Review of Development Effectiveness*.

# Towards real time evaluation

*Objective:* Use evaluation to enhance pro-active management of Bank operations.

*Status:* Feedback loops are too long.

*Actions:*

- Use "real time" performance data in country/thematic evaluations.
- Cooperate with QAG and assess follow up actions by regions.
- Reshape OED to improve "connectivity" to regions/networks.
- 50% increase in resources allocated to evaluation outreach.

# Towards results based management

*Objective:* Reform the incentives framework to enhance development effectiveness.

*Status:* Weak linkages between evaluation, resource allocation and personnel administration.

*Actions:*

- Timely OED inputs for all *country* assistance strategies by FY00.
- Timely OED contributions to *thematic* strategy design.
- Timely OED support to PBD for *corporate* "score card" and budget planning.
- Timely evaluation inputs to *personnel* for improved staff assessments.

# Towards a learning organization

*Objective:* Gear Knowledge Management to Bank operations through evaluation.

*Status:* Bank knowledge creation and dissemination poorly linked to Bank operations.

*Actions:*

- Cooperate with DEC in evaluation *research.*
- Contribute to Bank and EDI *training* programs (case studies, quality at entry, portfolio management, policy analysis, etc.)
- Inject OED lessons into *Knowledge Management* system.
- Double OED resources allocated to Knowledge Management and learning by FY00.

# Towards development effectiveness partnerships

*Objective:* Make of OED a "hub" for evaluation alliances and a center of excellence for evaluation capacity development.

*Status:* OED's processes are "inward looking".

*Actions:*

- Strengthen and broaden evaluation alliances (DAC, ECG, OECF, EU, etc.)
- Promote evaluation capacity development in borrowing countries.
- Invite partners to participate in OED country and thematic evaluations.
- Involve ultimate beneficiaries in evaluation.

| E. COMMENTS: |
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